

FY 00 DCMA BUSINESS PLAN

PART D - FY 00 BUDGET FORMULATION GUIDANCE

The purpose of this section is to provide you with the status of funding for FY 00, and to provide you with instructions for the completion of the budget documents. As our funds continue to decline, it is imperative that we increase our planning effort. Each of the documents discussed in this section requires that you submit plans for either dollars, FTEs, or performance. These plans are critical if we are to achieve our financial and performance goals.

FY 00 Target Funding Authorization Document (FAD) Methodology: The allocation of FTEs is a zero sum game. For planning purposes you should assume that the majority of performance goals contained in the Performance Plan are covered within your initial target funding level. Due to funding constraints, the reserve retained for unfunded requirements is minimal. However, we recognize that some unplanned workload changes may require adjustments to either your FTE or target annual operating budget authority. Where this is necessary, the Business Case process and format shall be followed. The data requested by the format is necessary to evaluate resources prior to reprogramming from one District to another and/or from one CAO to another. After completing a review of internal tradeoffs, Districts should forward proposed FTE realignments that cannot be accommodated within the RUC Ground Rules to DCMA-FB. Other requests for increases that cannot be funded within the interim authority contained in the Business Plan, should be submitted in Business Case format by object class. FTE and non-labor totals identified as funded must match bottom line targets provided. Funding requirements should be prioritized so that higher level priorities and fixed requirements should be included as funded dollars.

Interim labor and non-labor allocations have been prepared to assist you in planning, evaluating, and implementing the Business Plan. They are enclosed as Attachment 1.

The following methodology was employed to arrive at your proposed interim allocations:

- **District/CAO FTE Targets:** Targets were determined based upon planned mission requirements, workload, and the availability of funding. Formal notification of proposed realignments developed subsequent to the allocations identified in this Business Plan should be made to DCMA-FB, ATTN: RUC.
- **Labor:** Estimated the FY 00 AAR using the FY 99 estimated AAR from the September 1998 trial balance, inflated by the annualized pay raise factor (4.2%), then multiplied the inflated AAR by the FTE target assigned by the RUC for FY 00.
 - Awards are funded at 1%.
 - Overtime is funded at 0.5%.

- Terminal Leave is funded at FY 99 Apportioned level.
- PCS is funded at level contained in FY 99 allocation as of 2/28/99, plus pricing (1.5%).
- Non-labor is funded at the FY 99 Apportioned level plus pricing (at 1.5%) with the following exceptions:
- Travel is funded at the FY 98 actual level, plus pricing, plus privatization.
- Training is funded at the level contained in the current FY 99 allocation, plus pricing. Beginning in FY 00, all approved HQ DCMA or District sponsored workshops/conferences will be included as a category within your training allocation. All other workshops/conferences are considered discretionary and should be covered within your CAO discretionary training allocation as funds permit.
- Communications (DISA and local) and ADP Contracts and Supplies are funded at the level contained in the IT 43 Exhibits.

The formats listed below are required with your response to the FY 00 Budget data call. Basic instructions are included with the formats. A description of the process is contained in the Business Processes Guidebook, Resourcing and Budgeting Module (Module 3), located on the DCMA home page.

- FY 00 Interim Budget Targets and District/CAO FTE Targets (Attachment 1): The HQ DCMA and District level funding and District/CAO FTE allocation for planning and budget formulation purposes.
- Performance Contract (Attachment 2): The performance contract is defined as “a negotiated agreement between HQ DCMA and a District or a District and a CAO, to deliver a set of specified outcomes, as measured by performance indicators, at a specified cost.” The basic assumption is that the majority of performance goals are covered within your initial target funding level. Unfunded FTEs will require a Business Case, including performance measures. All process/PLAS hours and paid FTEs should be captured on the worksheets, along with baseline and proposed performance targets, for review during your budget negotiations.

- Full-Time Equivalent (FTE) Execution Plan (Attachment 3): Our objective is to provide you with a tool that calculates monthly and projected FTEs based upon your projected losses (including VERA/VSIP/RIF, retirements, resignations, etc.) and gains (including new hires, overseas returnees, etc.). Our expectation is that this tool will be deployed throughout the Agency to capture over and under execution projections and will identify locations in further need of special actions beyond normal attrition to achieve FTE targets. A summary of the locations, proposed actions, and additional funding should be included in your transmittal memorandum. All projections should be your best estimate. They should not be artificially adjusted to achieve an FTE target.

- Object Class (OC) Budget Plan (Attachment 4): The primary goal in preparing the object class summary worksheet is to obtain a projected execution plan prior to the budget negotiations to ensure that all labor and non-labor funding requirements are considered, analyzed, and projected using a common methodology. As with the FTE execution plans, the basic assumption is that your interim allocation should fully cover your funding requirements. Since it is unlikely that additional funds will be made available, unfunded requirements must be fully supported by a Business Case by object class category at District level, including performance measures where available. The OC summary should include all requirements, including projected funding increases you require in order to achieve of your CAO FTE target allocations.

- Reimbursable Plans/Summary (Attachment 5):
 - Three formats are required for the budget formulation process.
 - ✓ DCMA Reimbursable Budget Allocation (provided for planning purposes).
 - ✓ District/CAO Reimbursable Budget Plan.
 - ✓ District Reimbursable FTE Plan - Summary by CAO.
 - Reimbursable dollars make up 16% of the DCMA budget and finance around 2,000 FTEs in FY 99. For the most part, if DCMA CONUS organizations earn less reimbursable dollars than budgeted, we must make up the difference with O&M dollars or reduce our costs. Therefore, it is important to analyze reimbursable data on a regular basis, estimate as accurately as possible, update budgets when appropriate, and when using judgment, it is generally preferable to lean slightly toward the conservative side when it comes to projecting reimbursable earnings.
 - The FY 99 budget assumed an Agency annual ratio for CONUS FMS of 13.23%. During discussions with the Defense Security Cooperation Agency (DSCA) on a Memorandum of Agreement, it was determined that the Agency annual ratio would be updated semi-annually. The decrease in FY 99 in the updated projection is primarily due to reduced CONUS FMS. The revised FY 99 projection assumes the mid-year update to the FMS CAS ratio will be 10.5%, based on Defense Integrated Financial System (DIFS) data in lieu of MOCAS data. (Note: To date the implementation date for DIFS has not been formally agreed upon.) HQ DCMA (not the Districts) will budget for the FMS shortfall.
 - NASA hours for the past several years have declined and actual NASA hours to date this fiscal year are lower overall than budgeted.

- Training Plans/Summary (Attachment 6): Request that you review your training allocation (refer to Attachment 1) and collect CAO requirements by course title, number of students, and the mission essential, position required, CAO discretionary, and workshop/conference categories contained in the format provided. After collection of the requirements, they should be prioritized and summarized in the Training Plan Summary format provided. Your requirements should match the interim allocation received.
 - ✓ Beginning in FY 00, the conference data call has been consolidated with the Business Plan/Budget data call. Your negotiated FY 00 training allocation will cover the HQ DCMA/District HQ workshops/conferences under your “conference” allocation. All other conferences are considered discretionary and may be funded from your CAO discretionary training allocation as funds permit.
 - ✓ Requirements exceeding the interim allocation may be included in your submission, but must be submitted on a separate document by category. Your input beyond the initial allocation will be considered for funding as funds are made available.
 - ✓ Tuition assistance will not be funded unless it is for DAWIA certification purposes.
- Business Case Instructions and Format: Districts should forward proposed CAO FTE realignments and complete CAO Business Case for adjustments that cannot be accommodated within the RUC Ground Rules. Complete CAO Business Cases are also required for any District summary FTE requirements. Other requests for increases, that cannot be funded within the interim authority contained in the Business Plan, should also be submitted by object class. All categories should be addressed to ensure that the RUC has a firm basis for their decision.